

THE DEPARTMENT OF STATE BULLETIN

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JUN 6 '45

Civilian-Supply Problems in Europe

By

JAMES A. STILLWELL¹

JUST ONE YEAR AGO TODAY an article was published in the DEPARTMENT OF STATE BULLETIN which reported the progress in organization and planning to meet the tremendous demands for civilian supplies for the liberated areas of Europe.²

Since May 20, 1944, the progress of the war in Europe has been so swift and the Allied military achievements so brilliant that there has been little opportunity to recount the many and varied problems in civilian-supply operation and to recapitulate the quantities of supplies involved, or little time to evaluate the performance of the agencies and officials responsible for distribution.

It should be remembered that up to May 20, 1944 there had been so little actual experience in dealing directly with civilian-supply problems in Europe that realistic application of plans and programs was impossible. As a result, all supply programs and all procurement had been accomplished by the "guesstimate" approach. The United Nations Relief and Rehabilitation Administration had not had the benefit of actual distribution experience and therefore was producing programs upon the only available basis; i. e. a per-capita calculation of essential supplies necessary to supplement indigenous resources to a level that would help to restore the populations to useful activity. The official planners of UNRRA were handicapped further by the lack of specific designation of areas of UNRRA responsibility. Some of the European governments-in-exile had indicated that they wished to handle their own relief operations and that they would not require the financial or organized assistance of UNRRA. Included in this group were France, Belgium, the Netherlands, and Norway. In other areas the political strength of the self-exiled governments was in doubt—a factor which further contributed to the general confusion. UNRRA officials therefore made up comprehensive programs of civilian requirements for all the areas to be liberated.

In the meantime the combined United Kingdom and United States military had prepared a program of civilian supplies to fulfil the military responsibility of preventing disease and unrest in the areas to be liberated by their combined military operations. These plans were introduced in two series, *Plan A* and *Plan B*.

Plan A was based upon the assumption of a complete collapse of the Axis in Europe by February 1, 1944 and no scorching in the areas liberated. *Plan B* was developed on the assumption of collapse during the early months of the year but with a considerable amount of scorching in the areas liberated. A variation of these plans that assumed collapse during the fall season of the year was developed to determine the essential differences in the requirements of a particular area for the different seasons of the year.

On about January 1, 1944, the supply officials of the United States Army presented *Plan A* for concurrence to the British Army Staff through the Supply Subcommittee of the Combined Civil Affairs Committee. The British referred the figures to the War Office in London; but before the CCAC gave the program official approval on February 17, 1944 several discussions between the British Military, the United States Military, the Department of State, and FEA representatives ensued.

Plan A in its original form included supplies of food, medical and sanitary supplies, soap, petroleum, coal, clothing, textiles, shoes, and agricultural-production goods for all the countries of Europe except Germany and Austria. The plan included a small quantity of supplies for the relief of a portion of the Allied prisoners of war and alien forced-labor battalions in Germany and Austria. It provided no goods for the relief of

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² BULLETIN of May 20, 1944, p. 469.

German nationals, pending determination of policy on the treatment of Germany after surrender.

The food program in *Plan A* was based upon tonnages necessary to supplement the indigenous supplies. For a country where a part of the population was receiving prior to liberation only 1,500 calories a day for each person, *Plan A* provided sufficient food to supply an additional 500 calories a day for each person. These tonnages would probably supply, at best, only enough food to bring the per-capita intake of persons then receiving less than 2,000 calories a day up to the level which, according to nutritionists, is the minimum for bare subsistence. (The average daily per-capita consumption of food by people in the United States is about 3,400 calories.) Tonnages of food in *Plan A* would provide only 7 percent of the calories consumed in the same areas in a corresponding pre-war period. By volume, *Plan A* called for the importation of about 3,300,000 metric tons of food to the liberated areas of Europe during the first six-month period.

The officials of the Army Service Forces of the United States Army had constantly maintained the position that they should procure only those items common to their regular Army supply program. They therefore requested the officials of the FEA to assume the responsibility for the procurement of the clothing, textiles, shoes, and agricultural-production goods included in *Plan A*. Since some sort of machinery, under this arrangement, was necessary to coordinate the views of FEA, the Department of State, and the Army on problems of supply, the United States Procurement Committee was established on about February 1, 1944. Its members consisted of the Chief of the International Division, United States Army; the Procurement Officer, Liberated Areas Branch, FEA; and the Adviser on Supplies, Department of State. The chief purpose of this Committee was to iron out the operational difficulties encountered in attempting to place the United States portion of *Plan A* into actual procurement; and in order to carry out its responsibilities the Committee secured the cooperation of the various governmental agencies which had a direct interest in the supply problems. The Committee established, as a result, the practice of providing a forum where such agencies as the War Shipping Administration, the Treasury, WPB, and the technical-service branches of the Army could express their views concerning the supply problems presented.

Even after *Plan A* had been produced in its original form, a tremendous amount of work was necessary before the program could be submitted to allocating authorities for recommendations concerning sources of supply. The technical staffs of FEA and the service branches of the Army presented, through the facilities of the United States Procurement Committee, detailed specifications of all the requirements.

If the United States Procurement Committee could have submitted all the program to one committee or to one industry division of the War Production Board, the United States allocating authority for supplies other than food, the matter of securing advice from the supply authorities would have been reasonably easy. But the process was not so simple as that.

It was necessary to submit the food requirements of the program to the War Food Administration, whereas several different divisions of WPB handle the allocation of other commodities in the program, such as medicines and sanitary supplies, which consist of about 7,000 items. Thus the medical-supplies part of the program as well as many other parts had to be broken down so that it could be presented to the proper authorities. Coal is under the jurisdiction of the Solid Fuels Administrator; petroleum allocations are handled by the Army and Navy Petroleum Board; textiles, clothing, and shoes come under the authority of the Textile Industry Division of WPB; the agricultural-machinery part of the agricultural program comes under the jurisdiction of another industry division of WPB; and the fertilizer part of the agricultural program comes under the jurisdiction of both the WPB and the War Food Administration.

One should readily understand, therefore, that the presentation of the program (*Plan A*) to allocating authorities was a major operation. Many meetings were held, both at high and low levels, concerning the apparent lack of progress in the implementation of *Plan A*.

In the meantime, however, the United States Army had decided that it had no direct responsibility for programming supplies for the countries of eastern Europe and therefore did not feel justified in requesting allocating authorities to indicate sources of supply for the part of *Plan A* designated for that area. Several conferences on this problem were held among the officials of FEA, the Department of State, and the War De-

partment. Subsequently, an agreement was reached whereby the War Department was to be responsible for the programming and procuring of supplies to come from the United States destined for western Europe, Germany, Austria, and that part of Italy yet to be liberated. Supplies for the Balkans, southern Italy, Sicily, and Sardinia would be handled through FEA procurement on certification by the military of the military necessity. Such supplies would be transferred to the United States Army for transportation to the ultimate destination. It was assumed that in the part of eastern Europe which was to be the scene of Russian military operations the primary responsibility for civilian supplies during the military period would be the direct concern of the Soviet forces.

In accordance with these agreements, the Department of State, FEA, and the War Department prepared a combined statement which they presented to the Appropriations Committee of the House of Representatives and from which they drew up the budgets for the fiscal year 1944-45.

After the United States allocating authorities had made their recommendations concerning the source of supply, they presented those recommendations to the Combined Boards for official Anglo-American opinion.

Upon receipt of a source-of-supply recommendation from the Combined Boards, the combined United States-United Kingdom military authorities had to determine procurement responsibility as between their respective countries.

Most officials of the civilian agencies had always maintained that the extent and scope of *Plan A* requirements would not permit the reestablishment of even basic economies in the liberated countries. They believed that insufficient quantities and possible inequitable distribution would have a devastating effect upon the future diplomatic relations with the recipient areas and might hinder the revival of democratic life in Europe.

Accordingly, officials of the State Department and FEA began planning a means of supplementing the *Plan A* program and an orderly transfer of the supply responsibility from military to civilian authorities.

It was anticipated that the Governments of France, Belgium, Holland, and Norway would be capable of assuming the responsibility of civilian supply distribution in their countries within a reasonably short length of time after liberation.

In other areas it was proposed that UNRRA should take over the procurement and distribution responsibility. Of course, such transfer of responsibility would be dependent upon the progress of military operations.

To facilitate and coordinate this civilian activity it was decided that a mechanism comparable to the Combined Civil Affairs Committee should be set up. The Combined Liberated Areas Committee consisting of United States and United Kingdom civilian representatives was established for this purpose.

In the meantime, world-shaking events were happening so fast that well-ordered plans were impossible of proper execution.

June 6, 1944 was the beginning of a new era in the History of Humanity's Freedom.

That date signaled the end of Axis domination and assured the liberation of the enslaved people of Europe.

That date also signaled the end of "guesstimate" planning for civilian requirements and put reality into the urgent and tremendous task of implementing a relief program. There was a quick transition from operating on a theoretical planning basis to the practical fulfilment of theater requisitions for basic supplies.

The ensuing supply operations proved and disproved theories, plans, and estimates. But as the Allied armies rolled across France civilian supplies gradually began to move to needy areas, never in quantities desired by the populace but certainly to the limit of shipping and port capacities.

During the early weeks of the invasion of Normandy it was impossible to import civilian supplies in quantity, but fortunately this farming area was enjoying an unusually good crop season and food was plentiful. The early reports of this condition caused a feeling of false security concerning the food requirements of liberated Europe.

This sense of false security was quickly dispelled, however, when Paris was liberated. It was then that the full impact of the tremendous task of supplying a huge Allied expeditionary force, plus fulfilling the urgent needs of millions of sick and hungry civilians, was realized.

In order to meet increased demands resulting from the extensive destruction in some areas, combined military authorities revised *Plan A*, in some respects upward.

The people of Paris had been living under very rigid ration controls, and during the last months

of Nazi occupation many thousands died of plain starvation. It was therefore necessary to ship thousands of tons of basic food items as quickly as possible. The problem was so acute that General Eisenhower ordered a military convoy established to carry food from the Normandy beach-heads directly to Paris.

It should be remembered that all the ports in this area had been so badly damaged that the Army and Navy engineers had to build floating piers far out into the channel and use army "ducks" for unloading all military supplies. The additional problem of unloading sizeable quantities of civilian supplies placed an almost impossible burden on the military officials.

Even after supplies had been successfully unloaded on the beaches the transportation problem was only partially solved. Railroads had been rendered useless by Allied bombing and artillery action plus the demolition practiced by the retreating Germans. Again the Army Engineers went into action repairing railroads, bridges, and highways so that military and civilian supplies could be delivered to the proper places.

In addition to these difficulties, literally hundreds of thousands of civilians were driven from their homes to escape the line of battle or the ravaging German armies. Although the Allied armies pushed the Germans out of France with apparent ease and so quickly that the general public in the United States believed that the war would end in 1944, the destruction and civilian suffering in France was much greater than in World War I.

As the result of a decline in domestic production, a cessation of imports, German extraction of local food products, and the fraudulent practices of the Nazi officials, the mass of French population living in civilian areas had suffered from malnutrition since 1940.

The daily ration in and around Paris had averaged only 1,200 calories a person for three years. The Germans removed enough food from France during that period to have provided 250 calories a day for every man, woman, and child in France (2,000 calories a day is considered to be the minimum to maintain life and health even for an inactive person).

In addition, the suffering of these people was made materially greater by the destruction of shelter. Over 1,200,000 buildings were destroyed by the forces of war during this period. This destruction contributed to more congestion in the

urban areas and provided fertile grounds for the spread of all sorts of communicable diseases.

These conditions, together with the virtual break-down in governmental controls and in public-health assistance, condemned a large proportion of the French people to a very miserable existence.

Sudden liberation of these people from the Nazi yoke produced a tumult of peculiar reactions, not the least of which were the critical reactions of the French people concerning the insufficient quantities of supplies that were brought in by the Allied military authorities. The obvious physical limitations on the importation and distribution of such supplies had little effect upon the reasoning processes of the French, for logic is practically eliminated from the mental powers of sick, hungry, and bewildered people.

For a time such clamorings were readily picked up by the American press. As a result much undue criticism was heaped upon the Allied officials for failure to meet alleged promises to the French Government. This type of criticism was unwarranted, since it was based upon bits of information, partial facts, and a thorough lack of consideration of the world-wide job being performed by the Allied officials.

It must be remembered that all civilian-supply operations in the liberated areas had been made the responsibility of the military forces. It was a job quite foreign to them and in many ways incompatible with military operations. As far as the United States military forces were concerned, the President had directed that they should assume the responsibility for distribution of civilian supplies until the civilian agencies could prepare themselves to carry on the task from the longer range point of view. From the beginning, the War Department officials had announced that they would attempt to provide only the barest minimum of subsistence supplies essential to the prevention of disease and unrest. They cautioned the representatives of the French Government-in-Exile that the program of procurement under *Plan A* did not constitute a commitment to deliver a single ton of supplies. They pointed out that the first responsibility of the Allied forces was to prosecute the war against the Axis and that military operations might materially limit the extent to which civilian-supply requirements could be fulfilled.

The utter destruction of the German war-ma-

chine is indicative of the thoroughness with which the Allied forces have accomplished their major responsibility. For this performance they are receiving universal praise. The facts show that they have done an equally remarkable job in the secondary role of serving the needs of suffering populations of Europe.

In addition to the supplies for northwest Europe, the Allied military have been responsible for civilian-supply distribution in Italy and the Balkans. The size of this job is not readily appreciated unless the actual figures are known.

To date, a total of almost 5,000,000 tons of civilian supplies has been shipped to Italy and to the Balkans. Although the liberation of northwest Europe began only 11 months ago, it is anticipated that, by June 30, 1945, 5,500,000 tons of civilian supplies will have been delivered to that area. These figures do not include supplies which have been distributed in the areas as a result of direct military operations.

One must actually see these supply operations in the various countries to appreciate the significance of those figures. The work which has been done by our Army and Navy Engineers in improvising unloading facilities and harbor installations is miraculous. These repairs were so effectively accomplished that in many instances more cargo is now being taken in than was received by those same ports during pre-war days.

These repairs to port facilities have been neither elaborate nor permanent. The task of permanent rehabilitation will be lengthy and costly. In Naples, Italy, the damage to port facilities by German demolition was almost complete, and, after our heavy and medium bombers finished their job of "softening up", the port was a mass of indescribable wreckage. Many hundreds of German and Italian ships, large and small, lie sunken in every conceivable position, seemingly obstructing all use of the harbor. Our Army Engineers simply cut away the superstructures of the sunken ships, and by using the sunken wrecks as pier supports they constructed wooden piers over them. Today that port is receiving almost twice as much cargo as it ever received in peacetime. This story is repeated in Athens, in Le Havre, in Cherbourg, and in other ports of Europe. When one walks out over these piers and watches the hustle and bustle of the workers, the ever-present huge Army trucks, and the clock-like precision of the improvised mobile

cranes dipping into the holds of many Liberty Ships to retrieve the thousands of tons of civilian supplies, his admiration and respect for the United States Army and American ingenuity take a tremendous leap skyward.

Certainly the requirements of these war-weary people have not been met, nor will they be met completely for years to come. The task immediately ahead of us is stupendous, and much more suffering is in store for many people of Europe. The task of preventing wide-spread disease and unrest has, however, been temporarily accomplished.

Plan A has not served as limitations on the type and quantities of supplies furnished through our combined military channels.

Many, many items which were not included in *Plan A* have been furnished. The theater commanders have consistently sent in sport requisitions for any type of item which they felt was essential to the fulfilment of their civilian-supply responsibilities.

These items include such things as raw materials and repair parts to rehabilitate tire plants, textile mills, coal mines, electric-power plants, transmission lines, telephone facilities, food-processing plants, transportation equipment (trucks and railway), fishing boats and fishing equipment, medical and chemical plants, and also supplies for equipping refugee camps.

As a result of this practice, the total burden of importing finished goods has been materially reduced, and now France, Italy, and Greece are beginning to contribute materially to their own economic recovery. France is now producing tires at the rate of 70,000 a month; both Italy and France are producing textiles, coal, fish, and, of course, farm products.

It is primarily this type of assistance that will lead the people of Europe to economic recovery.

In addition, the Allied armies have repaired railroads, highways, bridges, coal mines, food-processing plants, and manufacturing plants—all of which were essential to direct military operations. So the extent of our assistance to the liberated areas cannot be measured by the analysis of our civilian-supply deliveries alone.

In traveling through France, Italy, Sicily, and Greece one is immediately impressed with the progress which has been made by the people in spite of the suffering and devastation which has swept their homelands. Italian farmers have

tenaciously stuck to the task of planting their crops, even though some of their number are killed daily by the many millions of land mines planted by the Germans in their fields. In all these areas the most dilapidated vehicles have been dragged from their hiding places, and through the natural "tinkering" genius of the European people they have been made to run. One sees many buses in Greece which have the appearance of a tin can that has served as a hockey puck for small boys. Most of these buses and trucks are American makes of 1925, 1926, and 1927 vintage. In Italy the motorcycle is used to carry commercial loads of up to 2,500 pounds or to transport 15 or 20 people. They are funny-looking contraptions, three-wheeled instead of two, with a large truck-type body built upon the two rear wheels. The lowly oxen and the two-wheeled cart still carry a sizeable share of the transport burden in Italy.

One is also much impressed with the visible effects of the supplies which we have furnished and those which the Army has provided. There is a quick realization that wheat from Canada, the United States, and Australia is now providing nourishing bread where so recently the Germans were forcing the people to live on bread that could hardly be described as food fit for human consumption.

Certainly one can see thousands of the most desperately needy people—people who just managed to survive the cold brutality of the fiendish German "planned starvation". One must also visit the rural communities, however, and talk with the farmers and their children. They have suffered also, but they are still healthy and have managed to produce enough food for their own consumption. Even though the author traveled through these areas during the spring months of 1945, when the sun was again thawing the chilled countryside, one of his most impelling observations was of the absolute lack of heat and of the fuel to provide it. How these people survived the winter months is difficult to understand; they must not be subjected to a second heatless winter.

Although the Allies have shipped many thousands of tons of coal to these areas, most of it had to be used for railroads, electric power, and other activities essential to military operations.

Coal is the number-one problem of supply in all of Europe. Italy has always had to import practically all her coal requirements; France, in peace-

time, produced about two thirds of her own coal requirements. Greece produces lignite in ample quantities, but it cannot be effectively used for railroads, electric power, or manufacturing.

The destruction and general economic disruption caused by the war have reduced the production of coal in France to less than two thirds of normal capacity, and against a normal import requirement of 25,000,000 tons of coal a year it has been possible to ship into France a total of only about 2,000,000 tons since D-Day.

Coal is the hub of the economic life of Europe. Shipments of coal from the United States must be greatly increased during the next few months in order to prevent a possible collapse of the economy in Europe during the coming winter.

It is expected, of course, that some coal can be supplied from Germany, and eventually a large share of Europe's coal requirements can be met from that source. The destruction and general break-down of the economy in Germany make it impractical to expect any appreciable amount of relief from there during the next eight or nine months.

The second most vital item of civilian supplies to Europe is transportation equipment. It is difficult to say that it is less important than coal because the two are, to a large degree, interdependent.

The problem of meeting this requirement, now that the war is over in Europe, is possible of solution. New transportation equipment—trucks as well as railroad equipment—is in extremely short supply, but it is expected that a large quantity of used military equipment can be turned over to the countries of Europe very soon. Such equipment, however, will serve only as a "stop-gap" method of meeting transportation requirements. The equipment that the military will release is that which is so badly worn as to render it unfit for further military use.

Tremendous quantities of food, clothing, shoes, medical supplies, and raw materials are also needed, but without transportation and coal such supplies cannot be effectively utilized.

During the early months after the successful invasions of Europe, the Allied military-supply authorities approached the problem of civilian supplies strictly in the light of a direct relief operation. Experience soon proved to them, however, that a few tons of raw materials, repair parts, and replacement equipment could produce many thou-

sands of tons of essential civilian supplies. They learned, for instance, that a pound of cabbage seed will produce over a ton of cabbage and that a few tons of coal-mining equipment or textile-mill repair parts could save many tons of import requirements of coal and clothing.

The governments of Europe also learned from this experience and soon revised their original estimates of requirements for the post-military period. Today the emphasis is on the supply of coal, transportation equipment, and raw materials.

During this period of military operations, the civilian agencies continued to press for the orderly transfer of supply responsibility from the Allied military to the national governments or to UNRRA. Italy has been an exception to this policy, since she was a former member of the Axis and since she has not the means or the governmental facilities to assume the burden of civilian-supply distribution.

The first transfer of this responsibility was accomplished in Greece on April 1, 1945. Greece, however, is not financially capable of taking care of her own relief needs; therefore, UNRRA assumed that responsibility and is now in full charge of all civilian-supply imports to Greece.

The author visited that area at the time the UNRRA officials were in the process of taking over the supply operation from the Allied military authorities, and he reaffirms the importance of UNRRA's operation in relieving the urgent needs of the destitute and miserable peoples of Europe. Examination of these operations in the field immediately reassures one of the success of this international humanitarian effort: Here is the method of preventing starvation and disease in those countries with little or no financial means and of giving those people the chance of economic recovery which they deserve equally as much as the people of the wealthier countries.

UNRRA assumed the civilian-supply responsibility in Yugoslavia on April 15, 1945; and it is also carrying on a limited program of medical care and subsistence for nursing mothers and children in Italy. In addition, UNRRA is making urgent preparations to handle the problem of caring for huge numbers of displaced persons in Europe until they can be returned to their homelands.

¹ BULLETIN of Oct. 8, 1944, p. 382; Oct. 15, 1944, pp. 401 and 432; and Apr. 1, 1945, p. 543.

Every effort must be made by the Allied nations to assist UNRRA to complete the urgent and worthy task assigned to that organization.

France, Belgium, the Netherlands, Denmark, and Norway are believed to be financially capable of paying for the supplies which we deliver to them and capable of handling their own distribution problems.

On May 1, 1945 France took over the supply responsibility from the Allied military, and it is expected that the other four countries of north-west Europe will be able within the next few months to take over their supply responsibilities.

Of all the areas mentioned, Italy is by far the most destitute. That country has been ravaged by both the Fascist and the Nazi oppressors. It has suffered physical destruction almost beyond belief.

To look at the masses of rubble, dust, and twisted metal marking the spots that were once large towns and cities and then to see the hundreds of miles of twisted rails and the thousands of burned and wrecked railway cars and visualize the many hundreds of factory buildings and power plants that are now only crumbled junk, one realizes that the scars of this war will remain for many, many years. The experience of this triple scourge—Fascist, Nazi, and bitter war—has left Italy a virtual derelict.

Now that our military operations in Italy are over and our need of that country as a military base will end as soon as the troops can be moved out, what do we intend to do toward assisting in her economic recovery?¹ That is a question which confronts the Allied powers. It is a most complex problem, for Italy is an ex-enemy country yet a cobelligerent whose people greatly assisted the Allies in exterminating the Fascist-Nazi tyranny.

It is a problem that must be settled soon. As for the part the United States will play, the Administration and Congress must decide.

The total demands for supplies which the liberated areas will place upon the United States during the next 12 months will be extremely heavy; they will be measured in millions of tons.

The very minimum of coal that should come from the United States is over 7,000,000 tons. The total tonnage of other items—food, textiles, replacement parts and equipment, and raw materials—will exceed 7,000,000 tons.

We are still fighting a war, however, and the

(Continued on page 927)

Elimination of Axis Influence in This Hemisphere

Measures Adopted at the Mexico City Conference

By THOMAS C. MANN¹

ONE OF THE TASKS of the recent conference in Mexico City was summarized by the Secretary of State in these words: "The people of the United States are confident that the American republics will join in whatever cooperative measures may be necessary to stamp out utterly every vestige of Nazi influence in this hemisphere. That must be our unalterable purpose."²

This common problem of the American republics was attacked in a spirit of entire cooperation and, what is equally important, with an evident mutual-ity of purpose. The result is best shown by a brief summary of some of the more important resolutions relating to Axis economic and political penetration in this hemisphere. The controls which are recommended are of two kinds: Those relating to Axis individuals and organizations and those relating to Axis property.

Controls Over Individuals and Organizations

THIS GOVERNMENT, in conjunction with other members of the United Nations, has from time to time announced its intention of bringing to trial those who are responsible for the commission of war crimes; and it has expressed the hope that no neutral government would permit its territory to be used as a place of refuge for war criminals.³ Resolution VI of the Mexico City conference supports both of these aims. It declares the adherence of the American republics "to the Declaration of October 1943 by Great Britain, the United States of America and the Soviet Union to the effect that persons guilty of, responsible for, and accomplices in the commission of such crimes, shall be tried and sentenced".⁴ It recommends that the American republics not give refuge to war criminals and

their accomplices; and that persons in this hemisphere who are charged with the commission of crimes of war be surrendered to the United Nation making the request or to the custody of the agency of the United Nations established for the trial of such criminals.

It is significant that the resolution creates an operative procedure for putting into practice what may be called general statements of principle. It specifies that the Inter-American Juridical Committee shall prepare, and submit to the American republics, appropriate rules for determining in each case whether a given individual is a war criminal, as well as a procedure to be followed in surrendering them to the appropriate authorities. These provisions make it possible to substitute new and simple procedural rules, consistent with national law, for the technical rules of extradition so as to prevent a defeat of justice. They also contemplate a clear set of rules for distinguishing between war criminals and ordinary political refugees who may be entitled to asylum under the national laws of some of the American republics.

It is also significant that this resolution broadly defines war crimes to include heinous offenses in violation (a) of the laws of war, (b) of existing treaties, (c) of the rules of international law, (d) of the penal codes of civilized nations, or (e) of the concepts of civilized life. The resolution also makes clear that war criminals shall include the "leaders" as well as "officials and military and civilian agents of the Axis powers and their satellites". It is within the framework of this inclusive language that the procedural rules are to be worked out.

It is fair to say that this resolution provides a satisfactory basis not only for preventing the entrance of war criminals into the hemisphere but also for promptly effecting the extradition of those who have found, or may find, refuge here. It may well serve as a standard for other likely havens; certainly its significance is not confined to a geographic area.

Equally important is resolution VII which re-

¹ Mr. Mann is Assistant Chief in the Division of Economic Security Controls, Office of Financial and Development Policy, Department of State.

² BULLETIN of Feb. 25, 1945, p. 279.

³ BULLETIN of Oct. 1, 1944, p. 339.

⁴ *Final Act of the Inter-American Conference on Problems of War and Peace, Mexico City, February-March, 1945* (Pan American Union, Washington, D.C., 1945), p. 38.

lates primarily to the work of the Emergency Advisory Committee for Political Defense. The creation of this inter-American committee was recommended at the Third Meeting of the Ministers of Foreign Affairs of the American Republics which met at Rio de Janeiro in January 1942. The Committee's duty was to make a study of, and to recommend for adoption by the American republics, specific measures for the detention and control of dangerous aliens; prevention of the abuse of citizenship by naturalized citizens of the American republics with enemy sympathies; regulation of transit across national boundaries; censorship; prevention of sabotage, espionage, and the dissemination of enemy propaganda; control of enemy clubs and organizations; and other measures designed to put a brake on Axis individuals and organizations and their activities detrimental to the defense of the hemisphere. This Committee, composed of distinguished representatives of several American republics, has rendered and continues to render valued service in cooperation with the governments concerned. The success of its efforts is not to be measured by its many excellent recommendations or by the various types of controls which the American republics have adopted pursuant thereto; rather its contribution to the war effort is attested by the very substantial success achieved in uncovering and stamping out Axis activities at a time when the hemisphere was threatened with aggression from both within and without.

Resolution VII recommends that the American republics continue to have regard for the recommendations of this Committee and that they intensify their efforts to eradicate the remaining centers of Axis subversive influence.

More specifically, it recommends that measures be taken to prevent the return to this hemisphere of deported persons wherever such return would be prejudicial to the future security of the Americas. The significance of this provision is apparent from the fact that it has been necessary for the American republics to deport, for repatriation to Axis territory, several thousand Axis nationals who have distinguished themselves in aiding the Axis cause. These persons are not to have another opportunity of abusing the privilege of residence in this hemisphere. As a corollary to this provision, it is also recommended that official agents of the Axis powers be denied admission to this hemisphere.

Controls Over Axis Property

IT WAS EARLY recognized that no mortal blow could be struck at Axis political and economic penetration in the hemisphere so long as the carefully planned Axis organization here had channels available for communication and remittances to and from Axis territory; and so long as pro-Axis concerns in this hemisphere, and their resources, continued to be at the disposition of the Axis cause. It was clear that a few of these business enterprises, owned and directed for the most part from Germany, had rendered valuable service both in the last war and in this one to the enemy; and that they were the very core and foundation of totalitarian influence and activity.

To meet this threat the American republics recommended at Rio de Janeiro and at the 1942 Washington conference that all financial and commercial transactions and all communication with Axis territory be severed. They also recommended that positive steps be taken by each of the American republics to vest, liquidate, or force the sale of these enterprises which were the spearheads of Axis penetration.

All of the American republics have severed financial and commercial transactions and all communication with enemy territory, thus making it difficult, if not impossible, for undesirable elements to receive aid or instructions from the Axis powers or to send aid or information to enemy territory. To meet the menace within their own territories, all of the republics have adopted legislation providing for the intervention, vesting, liquidation, or sale of enterprises such as Axis banks, insurance companies, the German dye and chemical trusts, and other Axis spearhead concerns. So many of these have disappeared or changed hands that it is safe to say that subversive German and Japanese commercial-political organizations in the hemisphere have been dealt a body blow from which they will not soon recover. The efficacy of the legislation varies, of course, from country to country. The Mexico City resolutions on this subject, to which all of the American republics are now signatories, give reason to hope that the very effective programs already carried out in most of the republics will be emulated in all in the near future.

Resolution XVIII of the Mexico City conference reaffirms, with respect to Germany and Japan, the principles of the resolutions under which

this work has gone forward. It also provides for a gradual modification of wartime controls, on a consultative basis, so far as such a modification is necessary and desirable because of the changed military situation and so far as it is consistent with the objectives of the Washington and Rio de Janeiro resolutions above referred to.

Mention may also be made of resolution XIX relating to the discovery, disclosure, and immobilization of Axis property within the hemisphere; the discovery and restitution of property within the hemisphere which has been looted by the Axis powers; and the prevention of the use of the American republics as a safe haven for Axis and Axis-looted property. A program for the adoption of the necessary measures to achieve these ends is under way and has already met with considerable success.

In sum, it is fair to conclude that very substantial progress has been made toward the permanent elimination of German and Japanese influence and activity in the Western Hemisphere and that the recent conference in Mexico City played an important part in cementing the gains already made and in laying the groundwork for further cooperative achievement.*

Food Supplies for Abroad

The President made the following reply to a letter from heads of national religious, civic, farm, and labor organizations requesting that our food commitments abroad be faithfully kept:

May 9, 1945

DEAR MRS. MORROW:

I am greatly encouraged by the letter of April twenty-first which you transmitted to me several days ago signed by the heads of a number of national religious, civic, farm, and labor organizations.

I am sure it must also encourage the United Nations' representatives now meeting at San Fran-

* For other articles on the Mexico City conference, see "The Mexico City Conference and the Inter-American System", by Dana G. Munro, BULLETIN of Apr. 1, 1945, pp. 525-530; "Economic Aspects of the Mexico City Conference", by H. Gerald Smith, BULLETIN of Apr. 8, 1945, pp. 624-628; and "The Climate of Peace", by Marlon Parks, BULLETIN of Apr. 22, 1945, pp. 732-737.

cisco. Particularly is this true of the leaders of those nations laid waste by the destruction and brutality of Nazi-Japanese tyranny.

No immediate means of giving hope to the victims of this tyranny can have so great an effect as the sharing with them by the people of our country of the food supplies we have available.

The signers of the letter you forwarded to me express concern over reports that UNRRA has been unable to obtain all the food supplies it has sought for to relieve starvation abroad. They explain that they speak for their organizations which have each voted support of UNRRA.

Backed by such spontaneous popular expression we must and can find a way to accomplish their desires to share their food with others so badly in need.

Please accept my thanks for placing the letter in my hands. You and other signers render a public service by giving active attention to the solution of the food problem at home and abroad.

Very sincerely yours,

HARRY S. TRUMAN

Mrs. DWIGHT W. MORROW,
*President, Food for Freedom, Inc.,
Washington, D. C.*

Concerning Importation Of Publications Into Germany

Statement by THE PRESIDENT

[Released to the press by the White House May 15]

General Eisenhower has advised me that he has issued no policy or order dealing with the importation of publications into Germany. The General has expressed the personal opinion that a free press and a free flow of information and ideas should prevail in Germany in a manner consistent with military security.

General Eisenhower has emphasized, however, that there can be no restoration of a free German press in Germany until the elimination of Nazi and militarist influence has been completed. We are not going to lose the peace by giving license to racist pan-Germans, Nazis, and Militarists, so that they can misuse democratic rights in order to attack democracy as Hitler did.

I agree with General Eisenhower.

France's Role in the Settlement of Questions Of World and European Interest

Statement by THE PRESIDENT

[Released to the press by the White House May 18]

The President had the pleasure today of conversing with the French Foreign Minister, M. Bidault, upon his arrival from San Francisco and of discussing with him a number of problems of primary interest to France and the United States.

The President took the occasion at the outset to express the gratification of the entire American Delegation at San Francisco for M. Bidault's cooperation and helpfulness and for the important and continuing contribution of the French Delegation to the work of the Conference.

The President made it abundantly clear that the American people and the American Government realize that the French nation has emerged with renewed strength and vigor from the catastrophe which it suffered and that it has demonstrated its determination and its ability to resume its rightful and eminent place among the nations which will share the largest measure of responsibility in maintaining the future peace of Europe and the world.

He expressed his desire to meet General de Gaulle and indicated that there was a full appreciation by the United States Government of the part which France could and should play in the settlement of questions of world and European interest.

In this connection, the President indicated that the United States was moved by the strongest ties of friendship, dating back to the founding of this Nation. A strong France represents a gain to the world. As a consequence, the people of the United States have accepted reductions in their requirements of certain essential food items in order to permit increased shipments to the liberated countries of Europe, including France, where they are so urgently needed. Also the Government of the United States has taken extraordinary measures, despite American shortages of essential supplies and shipping, to arrange priorities for French procurement of such supplies and to provide shipping for their transportation to France. The people and Government of the United States will continue

to take such measures as will lie within their power to facilitate the recovery of France and of her people.

The President confirmed to M. Bidault this Government's complete willingness to relinquish to France a part of the American zone of occupation in Germany. Details have already been conveyed informally to the French Government and are now in the process of being formalized.

The President emphasized that we are faced with a still strong and deadly enemy in the Far East to whose defeat the total resources of this country, both in manpower and material, are pledged. He indicated that such assistance as France and our other Allies may bring to that struggle, and which may be synchronized with operations already planned or underway, will be welcomed.

The discussion was on the most friendly and cordial plane and afforded the President a welcome opportunity to emphasize the bonds of friendship and mutual interest between the two countries.

STILLWELL—Continued from page 923.

successful conclusion of that war is the most important objective of this Government. We will therefore be primarily limited in our aid to Europe by the amount of shipping which can be spared from Pacific war operations.

It will not be easy to forget the terrific price we have paid in men, money, and material to win the war in Europe.

Such an investment must not be jeopardized by our failure to provide the civilian supplies to prevent the chaos of starvation, disease, and political collapse in the liberated areas of Europe.

By comparison the cost of our investment in the peace of the world will be negligible, but we must be willing to make any sacrifices that are necessary to assure that the urgently needed supplies are delivered to the people of liberated Europe without delay.

United Nations Conference on International Organization

PROVISIONS ON HUMAN RIGHTS

Statement by THE SECRETARY OF STATE¹

The provisions on human rights proposed by the four sponsoring governments for the Charter of the international Organization represent a long step toward the realization of social, economic, and political justice for the peoples of the world.

It is a far-reaching step because it would pledge the members of the world Organization to co-operate effectively in promoting human rights and fundamental freedoms for all individuals and peoples, regardless of race, language, religion, or sex. These provisions are essential if we are to build peace on the basis of justice and freedom for all. Never before have the destruction, the turmoil, and the hatreds of war affected the lives of so many people in all parts of the world. Millions of men, women, and children are homeless and destitute. Established customs and long-standing habits have been broken down. Racial tensions have been built up since the rise of Nazism and Fascism by systematic campaigns of hatred and prejudice. Every nation must overcome the severe dislocations of war in the transition to peace. Nor are these the sole reasons why the provisions on human rights and freedoms are essential. From malnutrition, disease, ignorance, unemployment, low wages, bad housing, and racial and religious persecutions arise many of the conditions that lead to war.

The people of the world will not be satisfied simply to return to an order which offers them only worn-out answers to their hopes. They rightly demand the active defense and promotion of basic human rights and fundamental freedoms. It is a matter of elementary justice that this demand be answered affirmatively.

That is the compelling purpose of the amendments on human rights which the four sponsoring

governments propose. These provisions are not mere general expressions in a preamble; they are woven through and through the document. Moreover they are closely tied to the all-important provisions on economic and social development.

There are four amendments on human rights. The first would establish the promotion of human rights and freedoms as one of the fundamental purposes of the Organization stated in chapter I of the Dumbarton Oaks Proposals.

From this amendment stem three other amendments. These provide the constitutional basis upon which the members of the world Organization can build as they work toward translating these purposes into reality. One of these amendments—in chapter V—would give the General Assembly the power to assist in the realization of these rights and freedoms.

The other two amendments are in chapter IX, covering international economic and social cooperation. By these amendments the Assembly's responsibility on human rights will be exercised through the Economic and Social Council, which will, in turn, establish a commission for the promotion of human rights. This commission represents the heart of the matter. The amendments on human rights and fundamental freedoms are closely linked with the amendments establishing equal rights and self-determination of peoples as one of the fundamental purposes of the Organization. Both have a significant relationship to the legitimate hopes of peoples of dependent areas. There can be no misunderstanding where the United States stands on this issue. As a nation which has been devoted throughout its history to the cause of liberty, the United States will continue to exert its full influence in behalf of the right of all peoples to govern themselves according to their own desires whenever they are prepared and able to assume the responsibilities of freedom as well as to enjoy its rights. We are proud of our own record in the Philippines, which have stood so valiantly beside us against the Japanese and are

¹ Made at San Francisco on May 15, 1945.

soon to become independent. This record is only one manifestation of the long-standing and frequently demonstrated policy of the United States. We believe, furthermore, that it is a special obligation of the greater and more powerful nations to respect the right of self-government, not only in their relationship with the peoples of dependent areas, but in their relationship with the peoples of small nations who are already independent and wish to remain so. The provisions proposed for the Charter will not, of course, assure by themselves the realization of human rights and fundamental freedoms for all people. The provisions are not made enforceable by any international machinery. The responsibility rests with the member governments to carry them out. We can here make only a beginning, but I believe it is a good and substantial beginning. Through the Charter we can place in the hands of the international Organization both the possibility and the responsibility of using powers of report and recommendation with great potentialities for the benefit of humanity. Whether the opportunity is used effectively or not will depend, as it must, upon the governments of the member nations and upon the peoples who elect them to office. The Bill of Rights was written into the Constitution of the United States over 150 years ago. It is not yet fully realized, but we have made good progress, and its effect upon our history has been decisive. The four sponsoring governments agreed that an enumeration of individual and collective human rights and fundamental freedoms in the Charter could not be attempted at this Conference. It would take much too long to obtain agreement upon such an enumeration among more than two score nations of differing social systems, environments, and traditions. I believe that when the Organization is established the Economic and Social Council, through the commission on human rights, should promptly undertake to prepare an international bill of rights which can be accepted by all the member nations as an integral part of their own systems of law, just as our Bill of Rights has been an integral part of our system of law. The Four Freedoms stated by President Roosevelt—freedom of speech, freedom of religion, freedom from want, and freedom from fear—are, from the point of view of the United States, the fundamental freedoms which encompass all other rights and freedoms. "Freedom of speech", for example, encom-

passes freedom of the press, freedom of information, and freedom of communications. "Freedom from want" encompasses the right to work, the right to social security, and the right to opportunity for advancement. "Freedom from fear" encompasses the protection from persecution or discrimination of all men and women, regardless of race, language, religion, or sex, and the protection of their equal right to enjoy all other fundamental rights and freedoms. The United States Government will work actively and tirelessly, both for its own people, and—through the international Organization—for peoples generally, toward the protection and promotion of these rights and freedoms. We must be eternally vigilant against assaults upon them. We must also act affirmatively to enlarge the scope of their protection and to nourish their growth. As long as rights and freedoms are denied to some, the rights and freedoms of all are endangered. Everything possible must be done to bring to effective life not only the commission on human rights, but the other vital agencies and functions of the Economic and Social Council.

I believe the Charter and the structure and procedures of the world Organization should and will provide the means for full consideration of the views and interests of all branches of organized labor, and of agriculture and business. Without such full consideration, effective performance by the Organization in economic and social matters would obviously be impossible.

It is my conviction that the foundation which we are laying here for the economic and social collaboration of nations in the cause of fundamental human rights and freedoms may well prove to be the most important of all the things we do here for the peace and advancement of the peoples of the world.

BASIC OBJECTIVES OF THE TRUSTEESHIP SYSTEM

Statement by THE SECRETARY OF STATE¹

[Released to the press by the United States Delegation May 18]

It is and has been the unanimous position of the United States Delegation as provided in the original trusteeship paper presented to the Conference on May 4 that one of the basic objectives of the trusteeship system should be "to promote the polit-

¹ Made at San Francisco on May 18, 1945.

ical, economic, and social advancement of the trust territories and their inhabitants and their progressive development toward self-government in forms appropriate to the varying circumstances of each territory". It is our understanding that this clearly includes the attainment of independence if the people of a trusteeship area so desire and are prepared and able to assume the responsibilities of independence. It also includes the right of the people to choose some status other than independence if they so desire. We recognize that all peoples are interdependent in the modern world and that the advance of the individual liberties and the standards of living of the peoples must be included among the basic objectives of the trusteeship system. We point to the Philippines as a concrete example of United States policy.

RELATIONSHIP OF REGIONAL AGENCIES

Statement by THE SECRETARY OF STATE

[Released to the press in San Francisco May 15]

As a result of discussions with a number of interested delegations, proposals will be made to clarify in the Charter the relationship of regional agencies and collective arrangements to the world Organization.

These proposals will:

1. Recognize the paramount authority of the world Organization in all enforcement action.
2. Recognize that the inherent right of self-defense, either individual or collective, remains unimpaired in case the Security Council does not maintain international peace and security and an armed attack against a member state occurs. Any measures of self-defense shall immediately be reported to the Security Council and shall in no way affect the authority and responsibility of the Council under the Charter to take at any time such action as it may deem necessary to maintain or restore international peace and security.
3. Make more clear that regional agencies will be looked to as an important way of settling local disputes by peaceful means.

The first point is already dealt with by the provision of the Dumbarton Oaks Proposals (Ch. VIII, Sec. C, Par. 2) which provides that no enforcement action will be taken by regional agencies without the authorization of the Security

Council. It is not proposed to change this language.

The second point will be dealt with by an addition to chapter VIII of a new section substantially as follows:

Nothing in this Charter impairs the inherent right of self-defense, either individual or collective, in the event that the Security Council does not maintain international peace and security and an armed attack against a member state occurs. Measures taken in the exercise of this right shall be immediately reported to the Security Council and shall not in any way affect the authority and responsibility of the Security Council under this Charter to take at any time such action as it may deem necessary in order to maintain or restore international peace and security.

The third point would be dealt with by inclusion of a specific reference to regional agencies or arrangements in chapter VIII, section A, paragraph 3, describing the methods whereby parties to a dispute should, first of all, seek a peaceful solution by means of their own choice.

The United States Delegation believes that proposals as above outlined if adopted by the Conference would, with the other relevant provisions of the projected Charter, make possible a useful and effective integration of regional systems of cooperation with the world system of international security.

This applies with particular significance to the long-established inter-American system.

At Mexico City last March preliminary discussions took place regarding this problem, and the Act of Chapultepec envisaged the conclusion of an inter-American treaty which would be integrated into and be consistent with the world Organization. After the conclusion of the Conference at San Francisco, it is the intention of the United States Government to invite the other American republics to undertake in the near future the negotiation of a treaty which, as provided for in the Act of Chapultepec itself, would be consistent with the Charter of the world Organization and would support and strengthen that Organization, while at the same time advancing the development of the historic system of inter-American cooperation. This would be another important step in carrying forward the good-neighbor policy.

PROPOSED REDRAFT CONCERNING THE GENERAL ASSEMBLY¹

[Released to the press by the United Nations Conference on International Organization May 15]

1. The General Assembly should have the right to consider the general principles of cooperation in the maintenance of international peace and security, including the principles governing disarmament and the regulation of armaments *and to make recommendations to the Governments or to the Security Council on such principles.*

2. *The General Assembly should have the right to discuss any questions relating to the maintenance of international peace and security brought before it by any member or members of the Organization or by the Security Council, and to make recommendations to the Governments or to the Security Council with regard to any such (delete "principles or") questions. Any such questions on which action is necessary should be referred to the Security Council by the General Assembly either before or after discussion. The General*

Assembly should have the right to call the attention of the Security Council to situations which are likely to endanger international peace or security. (delete "The General Assembly should not on its own initiative make recommendations on any matter relating to the maintenance of international peace and security which is being dealt with by the Security Council.") While the Security Council is exercising in respect of any dispute or situation the functions assigned to it under this Charter, the General Assembly should not make any recommendation with regard to that dispute or situation unless the Security Council so requests. The Secretary General shall be required to notify the General Assembly at each session of any matters relative to the maintenance of international peace or security which are being dealt with by the Security Council and also to notify the General Assembly immediately the Security Council ceases to deal with such matters.

Reparations Commission

PROBLEMS FACING THE SETTLEMENT OF REPARATIONS

Statement by THE PRESIDENT

[Released to the press by the White House May 15]

A fair and workable settlement of reparations poses some of the most difficult problems of the entire post-war adjustment. These questions are closely related to the task of insuring a lasting peace. For that reason, the right answers will be vital to the security of America and the world.

I personally concur in the general view of our own objectives as shared by Ambassador Pauley and Dr. Lubin. Absolute insurance against German or Japanese rearmament—ever again—comes first with us.

I believe, further, that our Allies are of one mind with us on this point, and that with such a basic agreement, the way will be clear for a just and equitable schedule of German reparations—reparations "in kind" which will provide the maximum of rehabilitation and restoration of overrun territory.

The men chosen for this vital mission should inspire the confidence of all Americans. They are eminently qualified to do the job.

MEMBERS OF THE STAFF OF THE COMMISSION

[Released to the press by the White House May 15]

Edwin W. Pauley, U. S. Member of the Reparations Commission, and his associate, Isador Lubin, have selected the following as members of the staff which will accompany them to Moscow:

Dr. ROBERT GORDON SPROUL, president, University of California; *adviser on human aspects of reparations*

JUBAL R. PARTEN, Houston, Tex.; *industrial adviser*

Dr. LUTHER H. GULICK, New York, N. Y.; *adviser on political science and public administration*

ERNST MAHLER, Neenah, Wis.; *adviser on plant and equipment appraisal*

J. HOWARD MARSHALL, Ashland, Ky.; *counsel*

RICHARD B. SCANDRETT, Jr., New York, N. Y.; *international law*

GEORGE JOHNSON, Wisconsin; *expert on machine tools and metals*

LAWRENCE RICHARDSON, Massachusetts; *expert on rolling stock*

Col. E. E. FOGELSON, Texas

Capt. N. L. McLAUREN, San Francisco, Calif.

¹ Proposed redraft of chap. V, sec. B, par. 1, submitted by the Governments of China, France, United States, U.S.S.R., and United Kingdom. Amendments are in italics.

Capt. JOHN FAIGLE, U.S.N.
 S. TRONE
 THOMAS W. WILSON, Jr.
 GEORGE LUTHRINGER, State Department
 ABRAM BERGSON, State Department; *German economy and industry*
 SEYMOUR RUBIN, State Department; *legal phases of reparations*
 MOSES ABRAMOVITZ, State Department; *specialist on German industry*
 JOSIAH DUBOIS, Treasury; *expert on German investments abroad*
 RICHARD DURHAM, New York, N. Y.; *chief of the mission's secretariat*
 Maj. G. S. CARTER, U.S.A.
 J. BERGER

Concerning Formation of an International Office of Education

LETTER FROM ACTING SECRETARY GREW TO SOL BLOOM¹

DEPARTMENT OF STATE,
 Washington, May 5, 1945.

MY DEAR MR. BLOOM:

The Department has carefully considered House Resolution 215, which you transmitted for the Department's comments on April 14, 1945. This resolution "urges the participation by the Government of the United States in the organization of an International Office of Education by the nations of the world for the purpose of advising together and to consider problems of international educational and cultural relations throughout the world"

Since April 1944 representatives of this Government have been collaborating with the nations represented in the Conference of Allied Ministers of Education in London in discussions looking toward the establishment of an international organization for educational and cultural affairs.

As you are aware, on April 24, 1945, the four Governments sponsoring the United Nations Conference on International Organization at San Francisco announced that they had agreed to sup-

¹ H. Rept. 588. Mr. Bloom is Chairman of the Committee on Foreign Affairs of the House of Representatives and a member of the United States Delegation to the San Francisco conference.

port certain proposals put forward by the Chinese Government, the third of which provides that—

"The Economic and Social Council should specifically provide for the promotion of educational and other forms of cultural cooperation."

Accordingly, there is no question but that the objectives of the Department in this field are generally the same as those sought in House Resolution 215. Since this resolution expressly covers cultural relations, and since both cultural and educational relations would undoubtedly be integral aspects of any such international organization, the Department suggests that the term "a permanent international organization for educational and cultural affairs" be substituted for the term "International Office of Education," on page 2, line 3, of the resolution. The phrase, "the exchange of students and scholars," on page 2, line 9, might also be deleted so as not to limit the terms "educational" and "cultural."

Subject to these modifications, the Department would give its full approval to this resolution.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

JOSEPH C. GREW,
Acting Secretary.

Visit of Chilean Engineer

[Released to the press May 15]

Señor Ricardo Santander Godoy, civil engineer and head of the Department of Ports of the Republic of Chile, is spending several days in Washington before beginning a brief tour of ports and harbors that will take him along the east coast to New York and from there to Seattle and San Francisco. Señor Santander Godoy is interested particularly in terminal facilities, improvements of rivers, and lake navigation. His itinerary includes the principal routes under construction and in operation.

Señor Santander Godoy, who is the guest of the Department of State, will establish contacts with officials of scientific and learned societies. He says that he also plans to visit museums of art and history, before leaving the United States. Although this is his first visit to the United States, his English, acquired in Chilean schools, is fluent.

Private Barriers to International Trade

Statement by ASSISTANT SECRETARY CLAYTON¹

[Released to the press May 17]

For nearly a month the House Ways and Means Committee has been considering a bill which would renew and strengthen the Reciprocal Trade Agreements Act. This bill would grant to the President the necessary authority to get ahead with the important task of negotiating reductions in excessive governmental barriers to international trade, both here and abroad.

I am glad to appear before your committees to discuss the other side of the question—the urgent problem of dealing effectively with *private* barriers to international trade.

The O'Mahoney bill, S-11, is principally designed to bring to light the facts about international business arrangements. Such arrangements as restrict trade and limit competition are commonly called "cartels". I should like, in the time available to me, to discuss:

1. The nature of international cartel practices and some suggestions which have been developed in the Executive branch of the Government for dealing with these practices.

2. The bill before this committee and its relation to a broader anti-cartel program.

3. Various suggestions, currently proposed, for making immunity from antitrust prosecution a condition for the registration of international business agreements.

I

A cartel is a kind of treaty of alliance between economic rivals. Cartels arise from a desire to avoid competition, which tends to lower prices, reduce profit margins, threaten the existence of high-cost producers, and diminish established capital values. The cartel may not completely eliminate rivalry, but it does suppress certain forms of rivalry, chiefly those which result in price competition. Individual firms may continue to seek their own expansion and preferment, but typically do so through striving for larger relative production quotas, control over patents and technologic superiority, and through securing political support for extending their respective spheres of influence and control.

In their attempts to maintain or increase profits, cartels engage in a variety of practices. The most frequent of these practices are the partitioning of exclusive fields of industrial activity (e.g. the Standard Oil - I. G. Farben "division of fields agreement" of 1929); division of markets through agreement to allocate trade territory (e.g. Dupont - Imperial Chemical Industries agreement for sharing world markets); allocation of production or export quotas through agreement to set absolute or relative limits on amounts of goods produced, sold, or exported (a standard device of the International Tin Cartel); restrictions upon new productive capacity (characteristic of the cartel arrangements among nitrogen producers); and fixing of prices and terms of sale (well illustrated by the International Aluminum Cartel).

These devices may be implemented by some form of direct agreement, by the terms of patent-licensing contracts, or by stock participations and joint control of subsidiary firms.

Cartels have enjoyed, moreover, some degree of government protection or support. Sometimes, indeed, government assistance seems to have been an essential requisite to the formation and continued existence or effectiveness of international cartel agreements. Both the tin and the rubber cartels clearly belong in this category. Tacit government assent was given, furthermore, to master agreements of a cartel character made in the inter-war period among the top manufacturing associations of Germany and France and of Germany and England, followed after the outbreak of the present war by a similar agreement involving associations in England and France.

To avoid having to disclose their dealings to government inquiry and to escape prosecution in the country of operation, "parent" companies have frequently sought to be domiciled under the protecting laws of countries in which regulation is lax and surveillance slight. Thus the efforts of a single country to control restrictive trade prac-

¹ Made before a joint session of the Senate special committee investigating petroleum resources and the subcommittee of the Senate Judiciary Committee on S. 11, May 17, 1945.

tices by an international combine may, in the absence of intergovernmental cooperation, be severely handicapped.

Cartelization of an industry typically results in reduced output, higher selling prices, higher profit margins, reduced employment, protection of high-cost producer members, and more stable prices for cartel members.

In the international field, cartels impose by private treaty artificial barriers to international trade which give rise to international frictions and disputes, disturb the course of multilateral trade, and restrict opportunities for additional investment. By reserving the markets of colonies and mandates to producers situated in the imperial country, cartels also constitute a form of trade discrimination. For these reasons cartel practices are in conflict with measures to liberalize international trade policy.

International cartels also affect the balance of trade and the balance of payments of the various countries which are concerned either as buyers or as sellers of cartelized products. This influence is exercised through both price and quota allocation policies, and is most significant in a few cases in which a national economy rests heavily upon the exportation of one or two commodities. For example, on the one hand, Bolivia depends to a considerable extent upon tin exports for foreign exchange and public revenue. The maintenance of the tin cartel is therefore a matter of national interest to Bolivians. On the other hand, cartels in the chemical and other industries aggravate Bolivia's balance-of-trade difficulties by maintaining high prices upon imported commodities and by preventing so far as possible the development of manufacture in Latin America. Since various countries will probably be in urgent need of foreign exchange after the war, it is reasonable to expect that unless more constructive methods of cartel control are adopted, there will be pressure from some governments for cartelization of their principal exports, and that such pressure will be more vigorous when imports into such countries are also cartelized.

The political effects of cartels are subject to heated controversy, but four points at any rate seem beyond dispute. First, cartels necessarily imply the organization of producers, and organized groups exercise more political influence than unorganized groups. Hence cartels necessarily

strengthen the political position of cartelized business as against unorganized business and the rest of the community. Second, the national interest is frequently asserted to be, and sometimes actually is, significantly involved in the success of a national group in an international cartel. Governments find themselves, therefore, under pressure to come to the support of their own business groups. Third, cartel policy often runs contrary to the policy of a national state, and under such circumstances may, in some cases, even circumvent or nullify national policies. Fourth, when an aggressive government undertakes political and industrial penetration of other countries, cartels often afford a convenient means.

This is what cartels do. What do we propose to do about them?

The cartel problem has been the subject of intensive study by a number of government agencies, through the mechanism of the Executive Committee on Economic Foreign Policy. I shall attempt to summarize briefly the major features of the cartel program which have emerged from this lengthy and exhaustive investigation.

Uncoordinated national action is not wholly satisfactory in meeting the problems raised by international cartels. The trade of every nation is affected by the operation of some international cartels which are beyond the reach of the laws of that nation. The United States, for example, has an important import interest in a number of commodities the production and sale of which are controlled by international cartels which are immune to prosecution under our antitrust laws. Many Latin American countries and others as well are wholly at the mercy of international cartels in broad fields of business activity.

Moreover, the ability of cartel participants to choose a domicile which is especially favorable to the conduct of cartel activities means that other countries are seriously limited in their efforts to protect their own interests. Cartels which foresee difficulties in one jurisdiction are able to move to another whose laws protect the secrecy of business records and offer other facilities for the efficient conduct of cartel affairs.

Lastly, nations which are forced by the operations of foreign cartels to pay excessive prices for their imports are likely to be tempted to retaliate by encouraging the cartelization of industries in which they have an export interest. In this, as

in so many other fields, uncoordinated national policies tend to multiply evils without really solving the underlying problems.

Accordingly, it has become clear to us that the international coordination of national policies is the most desirable means of meeting the problems raised by international cartels.

A cartel program of this character could take the form either of an international agreement to prohibit restrictive business practices in international trade, or, alternatively, the establishment of a body or bodies to supervise and control in the public interest the activities of international cartels. We have found very strong reasons for rejecting the latter alternative.

In some circles there is a tendency to believe that, under governmental supervision, international cartels might be converted into useful instruments of public policy capable of dealing effectively with the industrial maladjustments under consideration. The European experience of cartel regulation has been both extensive and unhappy. Attempts in various countries at governmental control of business policies with respect to production and price have revealed a strong tendency for the principles and aims of the regulated group to become those of the regulating authority. In the international field, where the added possibility exists of playing governments off against each other, there can be little doubt that government regulation would be even less effective. It does not, therefore, appear practicable to set up a cartel program in terms of regulating certain practices while encouraging cartels to proceed along constructive lines.

Our preference runs very strongly in the other direction—that of seeking the concurrence of other countries in an agreement prohibiting the participation of commercial enterprises in contracts and combinations which restrain international trade, restrict access to international markets, or foster monopolistic control in international trade.

We are under no illusions, I might say, as regards the difficulties of obtaining general assent to such a program. The traditions of many other countries in these matters are certainly very different from ours, and old habits of thought and action die hard. At the same time, there are signs from abroad of a growing popular realization that such international business practices as price-fixing, division of markets, limitation of produc-

tion, and suppression of technology, have no place in an international effort to expand the trade of the world and to increase productivity and well-being. The information about the activities of international cartels which has been brought to light in this country has played a large part in increasing popular understanding of the problem the world over. Thus, while we are prepared to encounter obstacles to the acceptance of this cartel program, we do not for a moment believe that the principles of free competition are dead beyond resurrection everywhere in the world except the United States.

It is not proposed to establish an international agency to enforce such an agreement on cartels. Rather, each government participating in the program would undertake to enforce the provisions of the agreement within its own sphere of jurisdiction. As a part of this responsibility each government might agree to provide for the mandatory filing with a suitable governmental agency of appropriate information relating to contracts and relationships affecting international trade.

Finally, the suggested program would recommend the establishment of an International Office for Business Practices, tied into the United Nations Organization through the Economic and Social Council, to facilitate intergovernmental cooperation in the cartel field.

Such an organization could assist in the prevention of undesirable cartel practices by serving as a central depository of information and reports from participating governments and other sources, by initiating the study of problems relating to the activities of private international business organizations and the application of the agreement on restrictive trade practices, with a view to making recommendations to participating governments, and by furnishing information or undertaking such investigations as may be feasible to aid participating governments in matters falling within the scope of the proposed convention.

This, very briefly, is the program we should like to see adopted to deal with the problems of international cartels. International action along these lines is felt to be imperative if private restrictions on international trade are not to counteract the expansive effects of the Bretton Woods agreements and the reciprocal trade-agreements mechanism. It would seem very short-sighted, indeed, to work for the expansion of world trade by reducing ex-

change restrictions, stabilizing exchange rates, creating a fund of credit for the financing of reconstruction and development projects, and reducing tariffs and other governmental trade barriers, while at the same time permitting private restrictive agreements to handicap international trade.

We plan to use every forthright means of persuasion to convince other countries of the anomaly of such a situation, and to work for the acceptance of a cartel program which will contribute to the achievement of those goals which are shared by people everywhere—increased trade, increased productivity, and greater material well-being.

II

We regard the O'Mahoney bill, S-11, as a useful element in this program to prohibit private agreements in restraint of international trade. This bill if passed would substantially discharge the obligations of the United States under the section of the proposed convention on restrictive trade practices which would call upon each signatory nation to require registration of appropriate information relating to international business agreements.

In providing that the types of contracts mentioned shall be registered with the Attorney General and thrown open to public inspection, the O'Mahoney bill would serve three purposes:

1. It would provide information on the basis of which the Attorney General could determine whether the contracts so registered were in conformity with the antitrust laws. In view of the great secrecy which has surrounded many such agreements in the past, registration might make possible a higher degree of effectiveness in the application of the antitrust laws.

2. The bill would remedy a serious deficiency in public knowledge, which, until very recently, accounted for the inadequate public understanding of the importance of private international business agreements.

3. The bill would act as an automatic policeman in deterring companies and individuals from entering into restrictive agreements which could not stand the light of day.

It is important, I believe, that the registration requirements of the bill should not be over inclusive. The definitions of the types of contracts required to be registered should be drawn very care-

fully in order to assure that agreements not involving an important public interest remain outside of the definitions. The bill would in any case place a considerable burden upon both the companies and the Department of Justice, and it would seem important that this burden should be no heavier than is absolutely necessary.

The Department of State has several technical suggestions relating to matters of drafting and phraseology. I do not wish to burden this committee with technical matters at this time. If the committee so desires, however, I shall be glad to prepare a letter to the Chairman embodying these suggestions.

III

Section 7 of the O'Mahoney bill makes it clear that the antitrust laws are not modified or weakened in any way by the terms of the bill and that registration of any foreign contract pursuant to the bill does not confer any immunity from the enforcement of the antitrust laws.

We regard section 7 as basic to the bill and as a declaration that the bill is intended to implement and strengthen the antitrust laws. We would have great misgivings about S-11 if section 7 were amended to limit the scope of the antitrust laws or confer any type of immunity upon a foreign contract registered with the Attorney General.

I emphasize this matter out of concern lest S-11 be amended along the lines of several proposals which have recently been brought forward. The proposals to which I refer all employ registration as a part of a broader plan to relax our antitrust laws as they affect our foreign trade.

The argument for applying the antitrust laws less vigorously in foreign trade than in domestic trade is difficult to analyze because it rests on shifting grounds. Sometimes it is contended that American firms cannot do business abroad unless they are permitted to join international cartels, since the cartels control foreign markets for the products in question. At other times, however, it is asserted that American export industries are so strong relative to their foreign competitors that they must voluntarily restrain their competitive behavior through the mechanism of international cartels in the interests of international good-will.

Obviously, both of these positions cannot be correct. If we are so strong that we must hold our competitive power in check, we cannot, at the same time, be so weak that we must join international

cartels in order to obtain access to foreign markets.

So much for the basic assumption underlying this position. It is sometimes argued that the application of the antitrust laws to companies operating in foreign trade places such companies in an impossible position. It is contended that American companies operating in foreign countries are often required by foreign law to become parties to cartel agreements. Thus, it is claimed, if they refuse to join the cartel, they are subject to prosecution for violating the law of a foreign country; while if they join the cartel, they are subject to prosecution for violation of our antitrust laws.

I am not greatly impressed by this argument since the number of cases in which such a conflict has actually arisen would seem to have been very small indeed. It is true that there have been cited a number of specific instances in which American companies were required under foreign law to join foreign cartels. However, and this is the point which is usually overlooked, the antitrust laws do not mean, and have never been interpreted to mean, that American companies are prohibited from joining foreign cartels under any and all circumstances. The test which the antitrust laws imposes is restraint of the domestic and foreign commerce of the United States. However, in nearly every specific case which has come to my attention, the cartel which the American company was required to join under the laws of a foreign country related entirely to the market of the foreign country and did not affect the domestic or foreign commerce of the United States. Hence, the participation of the company in such a cartel would not come within the purview of the Sherman act.

I do not know a single case in which a company was penalized under the antitrust laws as the direct result of an act which the company was required to perform by the law of a foreign country. I do not mean to imply, of course, that the company would be immune to prosecution under the antitrust laws simply because the act in question was performed pursuant to the law of a foreign country. Since it is this situation for which a remedy is sought, however, I think it is very significant that the Government has never brought an antitrust suit in a case hinged on this question. It is difficult to believe that the conflict between the antitrust laws and foreign laws is a serious handicap to American business operating abroad, if more than half a century of enforcement of the antitrust laws has not produced a single such case.

In view of the fact that we shall advocate the adoption of an international convention for the prohibition of restrictive private business practices in international trade, the proposals to which I have referred would seem in any case to be premature. Most of those who argue for a relaxation of the antitrust laws as they affect our foreign trade assert that they advocate a change in our laws only because other countries do not play the game as we do. The central thesis in these proposals is the contention that American companies must be given greater freedom to do business in a world in which cartelization is the rule rather than the exception. It is usually stated, however, that the relaxation of the antitrust laws is advocated with reluctance since the system of free and open competition is greatly to be preferred over a system of private control of markets.

With this last view we are in full agreement. We believe that the control of international trade by private cartels is a dangerous thing and that it is inconsistent with the economic philosophy which best serves the cause of peace and human well-being. It is for this reason that we plan to propose to the nations of the world an international agreement to banish the restrictive practices of international cartels.

If we are successful in this purpose, it will no longer be possible to argue for the weakening of the antitrust laws on the grounds of contrary economic systems abroad. Indeed, many of those who have advocated the loosening of the antitrust laws as they affect foreign trade seem obliged to favor the solution which we advocate, since they have declared their strong preference for the competitive system.

At this moment no one can say whether we shall be successful in obtaining wide-spread acceptance of our program for dealing with international cartels. It would seem to be unwise, however, to advocate the loosening of our antitrust laws before we have had a fair chance to obtain the assent of other countries to this program.

The various proposals for advance clearance of international business agreements all have in common the idea that specified types of agreements shall be registered with a government agency, which shall be empowered to grant or deny immunity under the antitrust laws. Some of the proposals would also establish to guide the administrative agency a special set of "standards of

reasonableness" to be applied in judging the legality of agreements in international trade.

To the best of my knowledge, there has been no clear formulation of such a set of "standards of reasonableness". In the absence of a specific proposal, it is difficult to speak with assurance. However, it would seem improbable that any language more acceptable to the Congress than the general language of the antitrust laws would be found. Unless the Congress were willing to endow an administrative agency with an unusually large measure of discretion in determining reasonable standards of restraint in foreign trade, the language of the proposed legislation would have to be more precise than it has been found possible to attain in existing statutes relating to monopoly and competition.

Other proposals simply embody the ideas of registration and revocable advance clearance without revision of the basic antitrust legislation. The proposal in this form rests principally on the view that there are large areas of uncertainty in the applicability of the antitrust laws to international agreements and that companies could determine where they stood if they were enabled to submit proposed agreements to an administrative agency which could grant or deny approval.

There is no doubt that, at the present juncture, the application of the antitrust laws in foreign trade is quite uncertain. The principal reason, of course, is that international business agreements and Webb-Pomerene activities, long unchallenged by enforcement authorities, are now subject to active investigation and prosecution by both the Department of Justice and the Federal Trade Commission. It will clearly require several years of active adjudication before the law regarding foreign trade practices is as well established as the law regarding domestic trade practice.

While export trade may, perhaps, be somewhat handicapped by this uncertainty, it is difficult to see how advance clearance could, under these circumstances, remove the uncertainty. While the administrative agency would have wide initial discretion in the discharge of its responsibilities, ultimate determinations as to the meaning of the antitrust laws would continue to be made by the courts. Neither the Congress nor the advocates of advance clearance would accept any proposal which denied to the individuals affected their right to a judicial hearing.

Consequently, the government could be required

to go to court to enforce its decision to deny approval to a proposed agreement; likewise, if it approved an agreement and then revoked its approval in the light of new knowledge or circumstances, it could also be required to go to court to enforce its revocation. Thus, under revocable advance clearance, the right of ultimate determination as to the applicability of the antitrust laws to foreign trade would rest with the courts, exactly where it rests today. Consequently, it is difficult to see how this proposal would reduce the present uncertainty which admittedly surrounds some types of foreign trade agreements. The only way to reduce this uncertainty is to bring to court cases involving new questions. I hope that we shall continue to pursue this course.

The agency empowered to grant or deny clearance would be placed in a most awkward position. It would often be required to sit in judgment on a new agreement, without a complete knowledge of what the effects of the agreement are likely to be; yet the reasonableness or unreasonableness of the agreement is clearly a question of its effects. Furthermore, many international cartel agreements leave important questions open for continuing determination by representatives of the parties—for example, the periodic meetings to adjust prices and quotas. Since the administrative agency could not reasonably give advance approval to future administrative decisions under the agreement, it would have to review each new decision individually; this would involve the government so intimately in the administration of the agreement that its role would be little different from that of a party to the agreement. This is a consequence which the proponents of the plan seem to have overlooked, and which they certainly would not welcome.

Economist Accepts Visiting Professorship to Costa Rica

[Released to the press May 19]

Robert S. Smith, assistant professor of economics at Duke University, Durham, North Carolina, has accepted a visiting professorship at the University of Costa Rica at San José. He will teach three six-week courses on foreign trade, the economic history of Spain and Hispanic America, and the organization of schools of business administration. His classes will be given for jun-

iors and seniors, members of the faculty, and teachers from Costa Rican schools.

Dr. Smith has spent several years in Spain, where he did research work in the Spanish Archives on the economic history of the colonial period. He has also made a special study of Catalan commercial relations. He has contributed articles to the *Encyclopedia of the Social Sciences*, the *Cambridge Economic History*, and the *Encyclopaedia Britannica*.

Readjustment of Foreign Service Personnel

[Released to the press May 14]

The Department of State has announced that the nominations of May 14 for Foreign Service promotions represent the first major step toward readjusting the personnel of the Foreign Service to meet its increased responsibilities. The removal of the percentage limitations on the upper classes of the Service by the act of May 3, 1945 makes this step possible. Once the career service is recruited up to its full required strength the relative sizes of the various classes should be not far from the old statutory percentages. However, with a shrinking personnel such mandatory limitations had the effect of freezing officers in their present grades. The removal of such limitations, coupled with the resumption of recruiting at the bottom and full implementation of the retirement provisions, will unfreeze the roster. Promotion on the basis of merit, without artificial restriction, is again possible as the act of February 23, 1931 intended. More rapid turn-over will mean greater opportunity for promotion on merit without disturbing the balance between classes.

The present nominations for promotion, in many cases, represent belated recognition of merit to officers who would have been advanced in grade during the past two or three years had their positions not been frozen. This explains the unusual length of the list and the fact that it contains a number of double promotions.

The next major step toward personnel readjustment will be the establishment of job classifications in the newly authorized administrative and fiscal service and filling of those positions, wherever possible, by promotion from the clerical ranks. Because of the variety of the positions affected, the number of persons involved, and the complexity of the operation, the step is being

taken country by country and post by post, except that in the case of vice consuls not of career, other than trainee or probationary officers, a minimum salary of \$2,600 a year has been adopted without reference to post of assignment. Necessary salary adjustments for such personnel now in the field are being made.

It is emphasized that these steps, and others to follow, are continuing operations. The complete reorganization of the Foreign Service cannot be effected overnight. What this promotion list accomplishes is to set up the framework of a balanced Service which must be filled in with new recruits, principally at the junior-officer and clerical levels.

Direct Radiotelegraph Circuit Between United States and Ethiopia

[Released to the press May 17]

At 3 p. m. EWT on May 17 a direct radiotelegraph circuit between the United States and Ethiopia was opened for the first time. This insures direct telegraph communications between the two countries without transiting any other countries. The circuit is operated at the American end by the Mackay Radio and Telegraph Company, and in Ethiopia by the Ethiopian Government. Upon the occasion of the opening of the circuit the following message was sent by the new circuit to the Emperor of Ethiopia from the President of the United States:

His Imperial Majesty

HAILE SELASSIE,

Emperor of Ethiopia

GREAT AND GOOD FRIEND:

On this happy occasion of the opening of direct radiotelegraph communications between our two countries, I take pleasure in conveying to you not only my personal best wishes for Your Majesty's health and happiness but also to express the sincere friendship of the American people for the people of Ethiopia. Through this new bond our two countries will become even closer neighbors, and can more easily engage in that exchange of knowledge and ideas which will strengthen peace and international cooperation in the future.

Your Good Friend,

HARRY S. TRUMAN

Current Lend-Lease Problems

Statement by THE SECRETARY OF STATE¹

THE CENTRAL PRINCIPLE which has been applied in the administration of lend-lease in the past and will continue to be applied now that the war is over in Europe is the same for all countries.

Lend-lease *has been and will be* supplied to our Allies—be it the Soviet Union, United Kingdom, France, the Netherlands, or other countries—on the scale which is necessary to achieve final victory as speedily and effectively as possible and with the least cost in lives.

In the practical application of this fundamental principle, the type and quantity of supplies furnished any country has always been and will continue to be reviewed and adjusted in the light of changing circumstances of the war.

No other considerations whatever will govern changes made in the lend-lease program following the defeat of Germany.

Statement by ACTING SECRETARY GREW

[Released to the press May 14]

The Lend-Lease Act provides that the President, when he deems it to be in the interest of our national defense, may authorize the head of any department or agency of the Government to lend-lease defense articles to the governments of foreign countries. He may make such determinations until June 30, 1946 or until a concurrent resolution of the two houses of Congress before June 30, 1946 declares that these powers are no longer necessary to promote the defense of the United States.

For three years after June 30, 1946, or the passage of such a concurrent resolution, the President's powers may continue to be exercised to the extent necessary to carry out a contract or agreement previously made with a lend-lease country.

The act makes it clear that the President must determine what supplies and services shall be furnished as vital to the defense of the United States, and he may continue to make this determination during the existence of the Lend-Lease Act.

The war we are engaged in is one war, not two separate wars, and the end of organized resistance

in Europe is not the end of the war. Occupation and military control in enemy areas are required in Europe and cannot be effectively carried out on an unstable and a disorderly continent. The presence of American forces in war-devastated Europe, their supply, and their redeployment in connection with continuing military operations will almost certainly require lend-lease shipments. If the President determines that lend-lease supplies must continue to move to Europe for an additional period because the prosecution of the war requires it, he is authorized to do so under the act. Of course, he is also authorized to furnish necessary supplies to foreign countries on the basis of continuing hostilities in the Pacific.

Deliveries of supplies under current lend-lease programs will be adjusted immediately to take account of the end of organized resistance in Europe. Future supply programs will also be designed to meet new military situations as they arise.

The lend-lease supply program for the United Kingdom, India, Australia, New Zealand, and British colonies following the defeat of Germany has been agreed upon in discussions between British and American representatives. It is proposed that this program be carried out with such adjustments as supply considerations, from time to time, may require.

Since 1941 the United States has agreed with the Soviet Union upon annual supply programs which have been embodied in protocols. In view of the changed military situation, programs of such duration are not now required. Instead it is proposed that lend-lease shipments to the Soviet Union be reviewed and continued where they are justified on the basis of adequate information regarding the essential nature of Soviet military supply requirements and in the light of competing demands, as is the practice with respect to other lend-lease countries. It is anticipated that, on this basis, substantial reductions in current programs for the Soviet Union will be made.

This year, in extending the Lend-Lease Act, the Congress adopted an amendment which provides that the granting of powers to the President to carry out lend-lease agreements for a three-year period after the expiration of the act shall not be

¹ Made at San Francisco on May 15, 1945 at his press conference, in response to questions on lend-lease.

construed to authorize the President to enter into or carry out an agreement for post-war relief, post-war rehabilitation, or post-war reconstruction. The amendment further provides that an agreement entered into in accordance with the act, in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prosecution of the present war and which provides for the disposition of such articles, services, or information on terms and conditions of sale after they are determined by the President to be no longer necessary for use by such government in promoting the defense of the United States, shall not be deemed to be an agreement for post-war relief, post-war rehabilitation, or post-war reconstruction.

Agreements have been concluded with France,¹ Belgium,² and the Netherlands³ which provide that at such time as the President determines that supplies to be furnished thereunder are no longer necessary to the prosecution of the war straight lend-lease will cease and deliveries thereafter will be made on agreed payment terms. Supply programs under these agreements are under review and may be revised in the light of the present situation. The President's determination with respect to the necessity of continuing supplies on a straight lend-lease basis for the prosecution of the war will depend upon the use of these areas in the supply and redeployment of American forces as well as the other general considerations I have mentioned.

Of course, during the period that straight lend-lease aid is furnished to a foreign country, reverse lend-lease of supplies and services will continue to be received by the United States from that country.

UNRRA Sanitary Conventions

Australia

The Australian Minister informed the Secretary of State, by a note dated March 26, 1945, that the Government of the Commonwealth of Australia desires to notify its accession to the International Sanitary Convention, 1944, and to the International Sanitary Convention for Aerial Navigation, 1944, with reservations. The note of March 26, 1945 from the Australian Minister was received by the Secretary of State on April 3, 1945.

The accession of the Australian Government to the two conventions is subject to certain reserva-

tions, including a reservation that neither of the conventions should apply to the Territories of Papua and Norfolk Islands or the Mandated Territories of New Guinea and Nauru.

The conventions, which relate to the performance by the United Nations Relief and Rehabilitation Administration of duties and functions of the International Office of Public Health at Paris, came into force January 15, 1945.

Aviation Agreements

[Released to the press May 15]

The following action, not previously announced, has been taken on the Interim Agreement on International Civil Aviation, the International Air Services Transit Agreement (Two Freedoms), the International Air Transport Agreement (Five Freedoms), and the Convention on International Civil Aviation, which were concluded at the International Civil Aviation Conference in Chicago on December 7, 1944:

Ireland

The Minister of Ireland informed the Secretary of State by a note dated April 27 that the signatures affixed by the Irish Delegation to the interim agreement constitute an acceptance of the agreement by the Irish Government and a binding obligation.

India

Sir Girja Shankar Bajpai, Agent General for India, informed the Acting Secretary of State by a note dated May 1 that the signature affixed on behalf of India to the interim and transit agreements constitutes an acceptance of the agreements by the Government of India and of the obligations arising therefrom. The Agent General stated also that "In signifying their acceptance of these agreements, the Government of India wish me to point out that they do not regard Denmark or Thailand as being parties thereto, or themselves as being in treaty relations with either of these countries as a result of these agreements, since the Danish and Thai ministers in Washington who signed the final act and agreements did not represent the Governments in their own countries, and their signatures

¹ BULLETIN of Mar. 4, 1945, p. 362, and Mar. 25, 1945, p. 500.

² BULLETIN of Apr. 22, 1945, p. 763.

³ BULLETIN of May 6, 1945, p. 876.

are regarded as having been given in their personal capacity only."

El Salvador

Señor Felipe Vega-Gómez, Chargé d'Affaires ad interim of El Salvador, signed on May 9 the in-

terim agreement, the transit agreement, the transport agreement, and the convention.

Panama

His Excellency Samuel Lewis, Ambassador of Panama, signed the interim agreement on May 14.

Free Enterprise: A Basis for Peace

Address by CHARLES P. TAFT¹

[Released to the press May 19]

It is a real privilege for me to share in this tribute to a great humanitarian enterprise. For 46 years from all over this country sick and discouraged people have been sent to Denver and have found life and hope.

It is a lofty purpose for any group of men and women to unite the powers of science with the loving care of sick men, women, and children to bring healing and health. Everyone can join, usually with the understanding born of experience, in the prayer to God who feels the pain of the world, to look down upon all sick and suffering persons; to enfold them with His love, that in the midst of pain they may find His presence; to grant to doctors and nurses tender hearts and healing hands; and to give health again in body and soul, for His tender mercy's sake.

No one has seriously challenged that lofty purpose for many centuries, but it was not always so. There was no personal relation to a personal God in any true sense until Jeremiah, and so no sense of the importance of the individual personality in the sight of God. That great prophet, speaking in a world where life was cheap and man buried in a human mass, first proclaimed the individual sense of responsibility that has laid the basis for true progress. "They shall say no more, 'The fathers ate sour grapes, and the children's teeth are on edge', but each shall die for his own sin".

Centuries later, from that beginning, the distilled wisdom of the priests of Israel laid down the second great commandment in Leviticus, "Thou shalt love thy neighbor as thyself", and Jesus, the greatest of the prophets of Israel,

placed the capstone when He told the story of the Good Samaritan.

That concept of the importance of the individual soul has been challenged in these last 12 years, and brought disaster and grief to the whole world. The religion of Moloch and of Baal has been revived in all their horror and filth and sadism. Finally, by the struggle of all men of good will, the false gods have been thrown down, and we have won the victory in Europe. In that victory we rejoice, but the scars of the victory are only too fresh, the wounds are not healed, and our sorrows continue as we hear, softly, Rachel weeping for her children.

Where do we go from here?

Do we kill off all Germans, or all Japanese when the Pacific war is over? It has been proposed, and some people seem to be quite serious about it. Do we revive the fierce mores of the Exodus into Canaan, that matched pretty closely the general ideas of the Canaanites and of many other tribes of those days?

When peace comes, we cannot kill the enemies who have surrendered, and we cannot, both because our hands would not, could not, carry through what some of our enemies have done to us and ours, and also because it just does not work. There has been provocation before, and the Jewish-Christian civilization has endured because it has stood before all provocation and quoted, "Vengeance is mine; I will repay, saith the Lord."

God has given Germany destruction such as no man has seen before in modern times, immeasurable destruction. The destruction is not only physical toppling of their cities, but the destruction of much of their youth, lost on the far-flung battlefields of the European war. It is destruction, by this beastly Nazi philosophy, of the sound intelligence and the religious foundation of the

¹ Delivered at a dinner for the National Jewish Hospital of Denver, Colo., on May 19, 1945, in New York, N. Y. Mr. Taft is Director of the Office of Transport and Communications Policy, Department of State.

youth that has survived. This human destruction is far more important in the long run than the toppling of their cities. How the Germans will take this defeat no man can say. The authoritarian society has left its stamp on the minds and attitudes of the German people, and the cure of this mental illness is in no such state of scientific development as the cure of tuberculosis to which your great institution has so contributed.

The destruction extends to the mental and spiritual world of the older generation. It is a natural defense mechanism for them to deny responsibility for everything that has been done, but the impact of defeat and the realization of what is being visited upon them is certainly sinking into the ordinary German mind. It will grow upon them as they gradually use up their fat and are reduced to a minimum diet like what they left for the occupied countries and for their slave labor. The Control Commission must see to it that the German public does understand what has been done in their name and what the civilized world thinks of them.

But we cannot forget that power corrupts, and we must see to it that justice and peace, not revenge, govern our conduct in Germany.

Justice is not soft, but hard. When the Germans called Christianity soft, they made their greatest mistake. Jesus' philosophy has as its foundation the toughness of the Old Testament. Neither Judaism nor Christianity would have survived otherwise. Justice to the war criminals will be hard.

Peace is our goal in preventing the creation again in Germany of a war potential. That is one of the greatest problems that faces us. The surest way to prevent aggression, in addition to the appropriate elimination of war industry, is to follow up justice and the vengeance of the Lord, with an economic and political system which is based on peace and seeks peace of its own volition. I don't know how to treat paranoid impulses of a nation, or the inferiority complex that is so close to paranoia. I only want to emphasize that the mailed fist without some intelligent treatment for diseased minds may land us in trouble again. Germany needs hard justice plus a lot of medical treatment right away.

How we combine that medical treatment with education is a difficult problem. Evil has been there naked and unashamed, and none of us has solved the problem of evil. One thing is certain,

that it will not be solved in Germany by waving the bloody shirt. The tough, fair, reasoned statements of General Eisenhower and General Clay give hope for intelligent solutions.

I have spoken of Germany first because it is the specter at the feast of victory in Europe. But the great problem for all of us is in the reconstruction of all Europe. Europe is no alien land. It is the motherland of most of our people. Our tradition is Anglo-Saxon, we say, and it is, but what is the Anglo-Saxon tradition but a part of the European tradition. It is made up of two streams, the Jewish-Christian inheritance of religion and ethics, and the Greek-Roman inheritance of reason and government. All that has been woven together into strands that are part of our life and instinct.

Hitler and Goebbels and Streicher tried to defile and destroy that tradition and civilization, and to exchange for it a crazy demoniac mythology. They failed.

Now we must restore the foundations for a peaceful neighborhood of nations in friendly association with each other, and help them assume their rightful place in world organization. Because freedom is the heart of European civilization, we want these peoples to establish the social and political system under which they wish to live. We do not seek to compel a return to the past even if we could. We want there as here a society which shall provide more opportunity for the children, greater justice and prosperity for all.

That kind of goal is not achieved overnight; it may take generations. If that goal is sound we do not need to worry about temporary blocks. If we are right, as we are convinced that we are, we shall progress toward that goal.

The achievement of that goal is in large part a problem of politics and statesmanship, but there is no more important part of politics or statesmanship than the economic relations of the nations of the world.

As the San Francisco conference moves on, as the various controversial issues are shaken down and solutions emerge, as the magnitude of the reconstruction problem in Europe presses upon us, more and more of us Americans are seeing clearly that we must tackle the great economic problems of the world with intelligence and firmness.

Most of the world wants expansion of international trade. Each of the nations wants to improve the condition of its people, their prosperity,

their health, their well-being. Many of the nations want those improvements without having the know-how or the trained manpower to achieve them. The leading nations of the past in that progress, all but the United States, are devastated physically, much of their manpower is gone or crippled, and they are terribly, frighteningly tired. They need fresh, vital courage and confidence to overcome their fears. Their instinctive reaction is defensive, protective. It is the youth of all nations that has been lavishly spent in this war, and that loss is what we need most to replace.

In that state of affairs the United States of America has a heavy responsibility. We must give leadership and supply much of the vitality the world needs. We ought to do it, but it is also in our own interest. Our bread upon those waters will return to us again.

Our first duty is to keep ourselves strong. We have an Army and Navy second to none. I am not saying that boastfully, but as a fact that careful cautious appraisal will justify. That tool of our responsibility needs to be kept efficient and to be maintained at the strength which our civil policy requires, but no more.

The next step in discharging our responsibility is to maintain high levels of peacetime employment in this country. Never again can the world outside endure the shock of another reduction in our foreign business like that between 1928 and 1931. Between those years our purchases and investments abroad dropped from six billion to two billions of dollars.

But a few Americans in plain words, and many Americans by thoughtless inference, say that we can do those two things, defend ourselves and keep employed and save our own skins while we let the rest of the world stew in the juice which it has brewed for itself. That position is not only sinful and vicious, but it is nonsense. We cannot live to ourselves in the world of 1945. Our prosperity in the long run, and probably in less time than that, can be destroyed by disaster around us. We cannot shut out the world except by controls which inevitably destroy our freedom at home. Free enterprise cannot be confined within even our wide borders and continue to exist. The destruction of free enterprise abroad like the destruction of democracy abroad is a threat to free enterprise and democracy at home.

Even if that were not true, we cannot do without our suppliers of raw materials abroad, and

that interdependence will grow each year. Those raw materials are not the only things we can profit by importing. Europe and the Middle East and the Far East were the cradles of civilization. They have important contributions to make to our happiness and our prosperity at home. They are today our neighbors, whether we like it or not, and we have to get along with them.

So we must solve cooperatively our economic relationships in foreign trade and in financial exchange. The mechanical procedures come first, and no procedures can work without our support. Yet the procedures are cooperative mechanisms, and everybody has to agree. We don't accept dictation, and neither do our world neighbors. They aren't coming around on bended knee, and we can't issue order to play our way or we don't play.

That is why we have worked out in the Government a broad program of foreign economic policy. You will find it summarized very effectively in the sixth report of the Colmer committee, an outstanding group of members of the House of Representatives, including, besides Colmer, Jere Cooper and Jerry Voorhis on the Democratic side, and Carroll Reece, Cliff Hope, and Jesse Wolcott on the Republican side. The general lines of that report agree almost completely with the position of the executive departments, and it is an American program, not a partisan program. It is obviously inappropriate for me to discuss such a program in detail on an occasion like this, but I am so profoundly convinced that the policies of the United States in this field in these next few years will affect not only our own future but the happiness and prosperity of the rest of the world that I know you will bear with me in a brief statement.

The keynote of the program is struck in the beginning of the Colmer committee report:

"The foreign economic policies recommended in this report are intended both to establish the economic foundations of a durable peace and to assist in providing high and expanding levels of income at home and abroad. In developing a program with these aims in view, the committee has also been constantly aware of the importance of preserving the principles of individual freedom and private initiative which have contributed so much to our welfare in the past. While many of the measures suggested in the report involve governmental agencies, such agencies are in no case

intended to supplant the activities of individuals. On the contrary, the committee believes that adoption of its foreign economic program would assist materially in relaxing the pre-war governmental restraints upon private initiative.

"Our foreign trade, though only 5 to 7 percent of our national income, provides us with many essential products and raw materials, and affords us a very important market for certain agricultural and manufactured products. Moreover, this trade, which is small compared with our total national volume of business, has a very important impact upon other nations, many of which depend heavily upon international trade.

"High levels of output and employment at home, which the committee has studied extensively, are therefore an essential requirement for expanded world trade. The measures suggested in this report are intended to enable both the United States and the rest of the world to enjoy the lasting benefits of a large and expanding volume of world trade."

These are the three main parts of our problem, foreign investment, foreign exchange, and trade barriers. As soon as hostilities stop, and for Europe that means now, reconstruction begins, and the United States is the main source of capital equipment. Do we invest abroad or don't we? And do we supply consumers' goods?

If we do begin to trade abroad, we must find ways for exchanging goods, and that requires us to straighten out the currency tangles.

As soon as we try to trade, we run into barriers and discriminations in other countries, and if we object we are told at once about our own barriers and discriminations.

While the Colmer committee's sixth report is respectful of congressional courtesy on two matters pending before other committees of the House of Representatives, the report clearly endorses the principles of the Bretton Woods agreements, especially the Fund, and of the Reciprocal Trade Agreements Renewal Bill, including the increased authority. The Colmer committee report shows no dissent, but you have already noted in the press that both these proposals are the subject of quite bitter controversy in Congress. It is only because I believe it is good for the digestion to rouse a dinner audience at this stage of the evening, and because most people like to sit in on a fight, that I say just one further word on one of those issues

for which I have some responsibility in the Department of State.

In spite of wide Republican support for the Hull Reciprocal Trade Agreements program, evidenced by the endorsement of the program within the last year by the last three Republican candidates for the Presidency, Mr. Landon, Mr. Willkie, and Mr. Dewey, and in spite of overwhelming newspaper and poll support both for the program and the increased authority, the American Tariff League, representing a group of industries not actually damaged, but fearful of the future, has put such pressure on individual Congressmen that the bill almost failed to get out of committee, and faces a bitter opposition both in the House and in the Senate.

Six amendments were proposed by the minority and will be fought out on the floor. They are innocent-looking but actually they are designed to torpedo the program just as they were designed to do so in 1934, 1937, 1940, and 1943. The proposal to give Congress a veto power, for instance, would restore just the kind of log-rolling that every responsible American statesman, Republican or Democrat, has condemned for 20 years. The real test of support of the Hull program is to vote against these crippling amendments.

The Republican members of the Ways and Means Committee in a public statement Tuesday offered to go along with a simple renewal for a year. But the average time for the careful study and consideration of the effects of possible cuts in each commodity and the negotiation of an agreement is over 12 months. So the proposal is in fact to do nothing for a year, on the ground that "important trade agreements are not being written now under wartime conditions".

That position shows a complete ignorance of what we are up against abroad in these next 12 months. We need an enabling act like the Dough-ton bill now, not one year or two years from now, because we need bargaining power which is now substantially exhausted.

The times are unsettled, but in Latin America where great surpluses of our dollars exist, they will begin spending them now in these next 12 months for their own industrialization, and they may well consider also beginning protective tariffs and quotas as they do it. We need to start talking with cards in our hands, now.

In Europe there is a very delicate balance between those who want, or feel they must have,

government management of their economy and their foreign trade, and those who would like to agree with us. That balance will be tipped one way or the other in the next 12 months. We are still in the war, but they are beginning to make their post-war trade arrangements now. If we now serve notice by rejecting the Doughton bill, that we will not give increased bargaining power, that we will not sit down at once and see what we can work out, but that on the other hand we will mark time for 12 months while they need our help the most, they will go to temporary government control, perhaps permanently. Twelve months from now, we shall have to make some concessions even to get back to where we are today.

If we let Europe, England and France especially, with all that their influence and example means, go to government-managed foreign trade, how long can we stay out of it, little as we like it? And government-managed foreign trade, government-to-government bilateral deals, government purchasing and selling, means the continuance of government controls at home.

So there is your choice in this fight. It is a fight for free enterprise, the only atmosphere in which the kind of spiritual freedom and mutual friendliness and brotherly love that we believe in can continue to exist at home. It is the only basis on which we can build a world of good neighbors.

Summer-School Attendance at The National Autonomous University of Mexico

[Released to the press May 18]

The Department announced that information has been received that the attendance at the summer school of the National Autonomous University of Mexico, Mexico City, during the 1945 sessions will be limited to 1,300 persons. Numbered registration cards are being issued to persons accepted by the University of Mexico, and only persons holding one of these registration cards will be permitted to attend classes.

Any persons planning to attend the summer school of the National Autonomous University of Mexico should, therefore, make sure that before they leave for Mexico they have a registration card issued by the authorities of the University in Mexico City.

Visit of Brazilian Engineer and Educator

[Released to the press May 19]

Elisio Carvalho-Lisboa, distinguished Brazilian civil engineer and educator and a former mayor of Bahia, plans to visit public-works projects in the United States as a guest of the Department of State. He is especially interested in public housing and city planning. While in Washington, he has conferred with members of the National Capital Housing Authority, the National Capital Park and Planning Commission, and the National Housing Agency.

He has published several books and numerous articles in the field of his profession. At present he is professor of civil engineering in the Polytechnical School at Bahia.

THE CONGRESS

Cartels: Hearing Before a Subcommittee of the Committee on the Judiciary, United States Senate, Seventy-eighth Congress, second session, on S. 1476, a bill to protect the foreign relations and to promote the trade and commerce of the United States, to require the disclosure to the United States of information affecting such trade and commerce, and to safeguard the security of the United States, May 23, 1944. iii, 41 pp.

Inter American Statistical Institute: Hearings Before the Committee on Foreign Affairs, House of Representatives, Seventy-ninth Congress, first session, on H. R. 688, a bill to amend the joint resolution of January 27, 1942, entitled "Joint Resolution To Enable the United States To Become an Adhering Member of the Inter American Statistical Institute", May 1, 1945. iii, 27 pp.

Atrocities and Other Conditions in Concentration Camps in Germany: Report of the committee requested by Gen. Dwight D. Eisenhower through the Chief of Staff, Gen. George C. Marshall, to the Congress of the United States relative to atrocities and other conditions in concentration camps in Germany, presented by Mr. Barkley, May 15, 1945. S. Doc. 47, 79th Cong. 16 pp.

Diplomatic Protection of American Petroleum Interests in Mesopotamia, Netherlands East Indies, and Mexico: A study prepared for the Special Committee Investigating Petroleum Resources (Senate Resolution 36), by Henry S. Fraser, Chief Counsel, presented by Mr. O'Mahoney, May 7, 1945. S. Doc. 43, 79th Cong. 76 pp.

Urging Formation of an Organization To Be Known as International Office of Education. H. Rep. 588, 79th Cong. 3 pp. [Favorable report.]